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C O N F I D E N T I A L SAN SALVADOR 002357

SIPDIS

STATE FOR INL

E.O. 12958: DECL: 10 YEARS

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SUBJECT: WIRE TRANSFER COMPANIES USED IN MONEY LAUNDERING SCHEME

Classified By: DCM MICHAEL BUTLER FOR REASONS 1.4(b) & (d)

1. (U) On August 17, 2005, the Salvadoran police (PNC) arrested Panamanian national Luis Pinto for allegedly laundering US\$75,000 a day through Salvadoran wire transfer companies since March of 2004. Participants in the scheme, using false identities, wired money from the United States to fictitious persons in El Salvador. Employees of a wire transfer company in El Salvador collected the funds and delivered them to Pinto. Pinto then wired the money to different bank accounts around the globe.

2. (C) Pinto's arrest would have been impressive if the GOES had broken the case. Instead, all evidence and information was provided to Salvadoran officials by Post DEA. GOES officials suggested in the press that El Salvador's money laundering law is not broad enough to ensnare launders who use wire transfer services. Post agencies disagree. Salvadoran officials have not/not been uncooperative relative to money laundering investigations. At the same time, they have failed to demonstrate the requisite initiative and determination to successfully uncover money laundering schemes. With only a handful of money laundering convictions, all of which were additional charges attached to drug traffickers, it remains to be seen whether the GOES will realize a conviction on the singular charge of money laundering.

3. (SBU) COMMENT: Post is not aware of any study or evidence that indicates the level of money laundering in El Salvador. We do know, however, that one-quarter of the population of El Salvador lives in the United States, and that Salvadorans living abroad have sent US\$1.6 billion in remittances to El Salvador during the first seven months of 2005. Reason suggests that the money laundering scheme highlighted above is neither singular nor unprecedented. Thus far in 2005, however, the GOES is managing only two money laundering investigations (excluding the current case). No money laundering convictions have been realized. Post will continue to work with the U.S. Treasury Department's Office of Technical Assistance to further Salvador's efforts against money laundering.
Barclay